



**STATE OF NEW YORK
INSURANCE DEPARTMENT
25 BEAVER STREET
NEW YORK, NEW YORK 10004**

**Circular Letter No. 19 (1999)
June 10, 1999**

TO: All licensed life insurers, property/casualty insurers, accident and health insurers, Article 43 Corporations, Public Health Law Article 44 health maintenance organizations and integrated delivery systems, fraternal benefit societies, municipal cooperative health benefit plans, charitable and segregated gift annuity societies, employee welfare funds, retirement systems, viatical settlement licensees, governmental supplemental annuity funds, savings bank life insurance departments, co-operative property/casualty insurers, financial guaranty insurers, mortgage guaranty insurers, reciprocal insurers, accredited reinsurers, title insurers, the State Insurance Fund, the Medical Malpractice Insurance Association, the New York Property Insurance Association, the Motor Vehicle Accident Indemnification Corporation and rate service organizations; all hereinafter referred to as "licensees."

RE: Consumer Initiatives

The New York State Insurance Department ("the Department") recognizes the complex choices consumers are facing in today's insurance marketplace, with new and varied products available in health, life, and property insurance. In addition, the sweeping changes in the healthcare market underscore the need for consumer education and for a strategy for disseminating important and timely information to the public.

The Department recognizes that one of its primary responsibilities is to protect and educate consumers, and to provide all New Yorkers with access to accurate information so they can make informed decisions. The purpose of this circular letter is to reiterate the Department's commitment to consumer protection, to share the Department's strategy for communicating with the public, and to highlight recent Department initiatives that are helping consumers.

Consumer Services Bureau

The Department's Consumer Services Bureau (CSB) is a one-stop shopping resource for consumers who are looking for information on any type of insurance, such as healthcare, automobile insurance, or company information. In addition, CSB is the bureau in the Department responsible for the investigation of consumer complaints against insurance companies, agents, and brokers. Last year, CSB investigated over 60,000 complaints from consumers and providers, and responded to approximately 500,000 telephone inquiries for information.

Recent Consumer Initiatives

The Department has recently implemented new initiatives to address consumer needs. In an ongoing effort to promote consumer awareness of insurance fraud, we unveiled an "Insurance Frauds Resource Center" on the Department's website (www.ins.state.ny.us) to help consumers recognize and fight against instances of insurance fraud. The Resource Center also provides consumers with tips on how to avoid becoming a victim.

As part of the New York State Insurance Department's ongoing effort to best serve the needs of consumers, the Department has launched an innovative on-line computer system to track and manage the resolution of consumer complaints. The new system, called Consumer's Information and Imaging Management System (CIIMS), fully automates the complaint processing and workflow of the Department's Consumer Services Bureau. Automating the consumer complaint process is beneficial for all involved – the consumer, the industry and the Department. CIIMS has allowed CSB staff to respond to the 500,000 telephone inquiries received annually in a more efficient manner because complaint forms are now bar coded with the callers identifying information before they are sent out to the constituent. When the completed form is returned to the Department, it is scanned and the necessary information is electronically added to the CSB database -- without having to be manually entered.

For the second time this year, the Department has levied fines against health insurers and HMOs for violating the State's

Prompt Pay Law, which requires HMOs and insurers to pay all undisputed health insurance claims within 45 days of receipt. So far, we have fined 16 companies a total of \$188,000 for violations, and continue to closely monitor insurers' claims payment operations to ensure that consumers are receiving timely payments. Too often, consumers and health care providers experience unnecessary delays in receiving their payments on health insurance claims and we are holding companies accountable for their actions.

Marketing Plan

In an effort to increase public awareness of our consumer initiatives and resources, we have implemented a marketing plan. Our goal is to encourage consumers to use the Department as a resource for information as well as a place to resolve complaints against insurers. It is vital that consumers have the necessary knowledge to make informed choices and are aware of the Department's initiatives and accomplishments. The marketing plan focuses on maximizing the Department's use of the media and press releases, the website, brochures, and fairs and community events.

Highlights of the marketing plan include:

- Redesigning the website to make it more consumer friendly, including new and expanded sections for consumer tips, an insurance glossary, and answers to frequently asked questions;
- Requesting that certain insurer and state agency annual mailers include information about CSB;
- Producing an informational brochure for general distribution that provides an overview of Department operations and hotlines for consumers; and
- Producing a brochure explaining the states new landmark External Review law that will allow healthcare consumers to appeal a health plan's decision to deny coverage based on medical necessity.

The industry has a responsibility to support our efforts and are encouraged to constantly look for new ways to better educate and service their customers. Many complaints that the Department receives are upheld in favor of the consumer, and might be resolved at the outset with better education, communication and service from the companies. Customer service, fair claims handling and prompt payment of claims are several areas where we are monitoring as part of our regulatory review. Finally, we welcome feedback from the industry regarding the Department's consumer initiatives as well as any suggestions. Please contact our Consumer Services Bureau Chief at the following address:

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